

- (2) S.O. 433 (E) published in Gazette of India dated the 12th July, 1974 regarding management of the Model Mills Nagpur Limited, Nagpur.

[Placed in Library. See No. LT-8249/74.]

ALUMINIUM (CONTROL) AMENDMENT ORDER, 1974, AND REVIEW AND ANNUAL REPORT OF GUJARAT MINERAL DEVELOPMENT CORPORATION LTD, AHMEDABAD FOR 1972-73

THE DEPUTY MINISTER IN THE MINISTRY OF STEEL AND MINES (SHRI SUKHDEV PRASAD): I beg to lay on the Table—

- (1) A copy of the Aluminium (Control) Amendment Order, 1974 (Hindi and English versions) published in Notification No. S.O. 440 (E) in Gazette of India dated the 17th July, 1974, under sub-section (6) of section 3 of the Essential Commodities Act, 1955. [Placed in Library. See No. LT-8250/74.]
- (2) A copy each of the following papers under sub-section (3) of section 619A of the Companies Act, 1956 read with clause (c) (iii) of the Proclamation dated the 9th February, 1974, issued by the President in relation to the State of Gujarat:—
 - (i) Review (Hindi and English versions) by the Government on the working of the Gujarat Mineral Development Corporation Limited, Ahmedabad, for the year 1972-73.
 - (ii) Annual Report of the Gujarat Mineral Development Corporation Limited, Ahmedabad, for the year 1972-73 along

with the Audited Accounts and the comments of the Comptroller and Auditor General thereon.

[Placed in Library. See No. LT-8251/74.]

NOTIFICATION UNDER CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, AND ANNUAL REPORT re-WORKING OF CENTRAL COAL MINES RESCUE STATIONS COMMITTEE, DHANBAD,

THE DEPUTY MINISTER IN THE MINISTRY OF LABOUR (SHRI BALGOVIND VERMA): I beg to lay on the Table—

- (1) A copy of the Contract Labour (Regulation and Abolition) Central (Second Amendment) Rules, 1974 (Hindi and English versions) published in Notification No G.S.R. 870 in Gazette of India dated the 10th August, 1974, under sub-section (3) of section 35 of the Contract Labour (Regulation and Abolition) Act, 1970 [Placed in Library. See No LT-8252/74.]
- (2) A copy of the Annual Report (Hindi and English versions) on the working of the Central Coal Mines Rescue Stations Committee, Dhanbad, for the year 1972-73. [Placed in Library. See No. LT-8253/74.]

12.06 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED ALARMING INCREASE IN SMUGGLING CAUSING SERIOUS DAMAGE TO NATIONAL ECONOMY

MR. SPEAKER: Shri Ram Gopal Reddy. He is not here. Dr. Rao.

DR. V. K. R. VARADARAJA RAO (BELLARY): Sir, I call the attention of the Minister of Finance to the following urgent matter of public importance:

"Reported alarming increase in smuggling causing serious damage to national economy."

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH): Mr. Speaker, Sir, In recent years, the *modus operandi* of smuggling into India has undergone considerable change. Previously, smuggled goods like gold and watches used to be secreted on the person of carriers arriving at international airports and major ports. Also, contraband used to be concealed on board ships and country crafts arriving at various Customs ports. Now, smugglers' boats containing large quantities of contraband goods leave certain places in the Persian Gulf and in a matter of four to seven days land their goods at any of the pre-arranged spots on the West Coast. While certain areas may be more vulnerable to smuggling, intelligence as well as seizures show that smugglers use any part of West Coast for landing the contraband. Thus, the problem of anti-smuggling operations earlier confined to Customs ports has now assumed far greater dimensions and presents unprecedented difficulties with hundreds of miles of coast being available to the smugglers for landing their goods. The organisers of smuggling operate behind the scene. The carriers who get caught are afraid to give any evidence against the organisers.

I need hardly take the time of the House in elaborating the harmful effects of smuggling on the economy of the country. Suffice to say that smuggling is the means by which money is remitted to India through illegal channels and this money then

becomes a part of the fund of black-money operating in the country. But for smuggling the foreign exchange savings of Indians abroad would become available for import of essential raw materials and capital equipment.

Various measures have been taken during recent years and as a result of these, seizures of smuggled goods have risen from Rs. 6.6 crores in 1966 to Rs. 25.8 crores in 1972. Since then the tempo of anti-smuggling efforts has been further increased with the result that the seizures went up to Rs. 33.5 crores in 1973 and in the first half of 1974, they have gone up to Rs. 28.7 crores.

In order to counter the new *modus operandi* of smuggling, Government has placed orders with a Norwegian firm for the supply of 20 fast medium-sized boats. The supply of these boats is expected to be completed in the next few months. After these boats have been tried for anti-smuggling operations, orders for another 80 boats will be placed.

Preventive Collectories were set up with headquarters at Bombay, Ahmedabad, Madurai and Patna in the recent years. A comprehensive scheme for strengthening the preventive formations on the West Coast has been sanctioned. The scheme provides for Shore-Guard Parties, Road Checking Parties and City Preventive Parties. Necessary vehicles and fire arms are also being provided. In addition, a comprehensive scheme for providing wireless communication net work is under implementation. This scheme will provide secret, reliable and quick means of communication between the anti-smuggling formations.

Companies of Central Reserve Police have been deployed in areas around Daman and Surat where the smugglers were posing a law and order problem. Whenever there is specific information and naval ships are available nearby, naval authori-

[Shri K. R. Ganesh]

ties are being requested by the Customs formations to help in anti-smuggling effort. Certain other deterrent measures are also under consideration. Income-Tax authorities are also taking appropriate action under Income-Tax and Wealth-Tax Acts.

The various measures are being kept under constant review to meet the changing needs of the situation.

DR. V. K. R. VARADARAJA RAO: Sir, I do not think I need take much of the time of the House in enlarging upon the seriousness of the situation which has been revealed by the statement made by the hon. Minister. We all know how this country is suffering from inflation today. I think everyday the House is seized of that subject and we also know that black-money is one of the most important contributory causes for this inflation. This enormous increase in smuggling from the figures given by the hon. Minister it appears that the seizure of smuggled goods has increased something like seven to eight times in the course of last eight years. As compared to the last year when the seized goods were to the tune of Rs. 35 crores this year it will come to Rs. 57 crores. I do not know what is the estimate of the hon. Minister for the multiplier for estimating the total smuggling. I presume it would be anywhere of the order of Rs. 300 to Rs. 400 crores. That would be the total volume of smuggling going on in this country. It is not merely a question of black-money arising from non-receipt foreign exchange used by smugglers. When this money is used, the smuggled goods do not pay any customs duty. So, we lose customs revenue and we know what the terrible state Government is in to avoid deficit financing. Therefore, smuggling leads to increase in deficit financing.

Then, Sir, the income which is made in the smuggled goods is not accounted for from their paying Income-tax. This unaccounted money

becomes black-money which further adds to the problem.

Then, Sir, these smuggled goods provide conspicuous items of consumption on which black-money is used. Therefore, Sir, both on the supply as well as demand side smuggling is having greater effect on the black-money than stated by the Minister in the statement.

Sir, the hon. Minister has talked about coastal smuggling and our coast-line being very long. Till now it was limited to the ports. But I am rather frightened by the note of helplessness which I find in the hon. Minister's statement and if I were to supplement the statement by the public statement that he made as reported in the *Times of India* issue of August 19, the helplessness shown by the Minister is even more conspicuous.

AN HON. MEMBER: He wants to resort to satyagraha.

DR. V. K. R. VARADARAJA RAO: Satyagraha I will leave to Swatantra member from Gujarat. I will not mention Satyagraha. But the point I want to make is that if this kind of indefinite smuggling is such that we cannot protect the coastal line areas, what happens if arms are smuggled? I want to pose this question. It is a question that can threaten the safety of this country. If goods are smuggled from the areas in the Persian Gulf, and we know these areas are also known for arms purchases, and if arms are smuggled and if you cannot detect smuggled goods worth Rs. 400 crores how you are in a position to detect smuggled arms. Why is the Government not considering the position much more seriously than merely telling us that Government has placed orders with a Norwegian firm for the supply of 20 fast medium-sized boats and also ordering wireless equipment and so on. Sir, smuggling is not merely a question of under-invoicing or over-

involving but it is a question of enormously strengthening black-money in the country and its inflationary influence and also, if I may say so, causing a somewhat possibly alarming situation even political by the opportunity that may be used by the smugglers to import arms into this country.

I would like to read one extract from the hon. Minister's statement that he made on the 19th August and covered by the *Times of India*:

"Mr. Ganesh pointed out that the legal system in India was such that only the small fry among the smugglers got convicted. The big smugglers were well known.....

Well-known to whom?

"and moved freely in high society.....

I do not know if the Ministry of Finance is connected with the high society. Then he says:

"In a few big cases, such as Bird and Co. and Mr. Rikhya, legal action in the court dragged for years. Several smugglers were sentenced only till the rising of the court. The top men had very good political and other connections"

I want to know what are these political connections? Also what are these 'other connections'? Evidently when the Minister makes a public statement he should be very careful. It is not a statement made on the file. Then further he says:

"Their intelligence system was almost foolproof, and they were even known to tap the telephones of the customs with impunity."

The Minister of Communications is not here. I do not know whether bugging and tapping is also a phenomenon in my country. I thought it

existed in other important countries. Sir, then the statement says:

"and they were even known to tap the telephones of the customs with impunity."

Then, the report says:

"It seemed to Mr. Ganesh that the use of MISA...." I think MISA means the Maintenance of Internal Security Act, and that Act has now recently received very strong judicial support. I am not a lawyer, but this was what I read in the papers that the MISA can be used for almost any purpose; you can be in jail and still you can be put in jail further for offences which you are supposed to commit when you are in jail or some such thing; I do not know law but that was what I read. It means that the MISA is good and it can be used. The report says:

"It seemed to Mr. Ganesh that the use of MISA was the only possible way to put the big smugglers behind the bars."

If you take that statement and compare it with the statement that the hon. Minister has made before the House, I suggest with great humility that the statement that he has made before the House is much less informative than the statement that he has made before the public. I thought, when I gave the call-attention notice because I was horrified by that statement, that the hon. Minister would add to that statement when he came before the House, give us more details, would identify the big smugglers and would also suggest what action he is proposing to take to deal with the problem.

Now, I shall ask some concrete questions and I shall be very fast with them

My first question is this. What are the commodities that are being smuggled and from where? If they have already captured within six

[Dr. V. K. R. Varadaraja Rao]

months about Rs. 38 crores worth of smuggled goods, I would like to know what are the goods that are being smuggled and from where they are being smuggled. What is the estimated value, in the opinion of Government, of the smuggling that goes on today?

My second question is this. What is Government's awareness of the smuggling operations? They have got their own intelligence system, and the hon. Minister is very much concerned about it and he wants to do all sorts of things about it. So, I would like to know what Government's awareness is of these smuggling operations? Where does this smuggling ordinance and where does it terminate? What are the Indian parties that are involved? I do not mean political parties. What are the Indian parties that are involved in these smuggling operations and what action are Government taking against these parties? Have our Government made any representation to the countries with whom we have very friendly relations from where smuggling is supposed to be taking place? Have we taken it up formally or informally with these countries? What have we done with the smugglers within the country?

The hon. Minister has made references to people moving in high society. If you will allow me to ask a question, will he kindly define what is meant by high society and who are these people who are moving there?

My next question is this.....

MR. SPEAKER: He can ask only one question.

DR. V. K. R. VARADARAJA RAO: I shall make them parts (a), (b), (c) of the same question. This is the first time in eight years that I have tabled a call-attention notice. I shall make it part of the same question.....

MR. SPEAKER: Let him make it a continuous question.

DR. V. K. R. VARADARAJA RAO: Part (c) or (d) of my question is this. How are these-smuggled goods sold, because the amount involved is about Rs. 40 crores in six months? What action are Government taking against the display of smuggled goods and against the sale of these goods in public? Have we become so helpless that the hon. Minister has to threaten to do a *dharma* or to conduct a satyagraha before the shops where the smuggled goods are being sold in order to prevent their being sold? Are Government so helpless that they have got to resort to satyagraha to enforce the law?

Why are they not using our intelligence machinery and naval vessels? To what extent can we use our naval vessels and our military forces for the purpose of stopping this smuggling?

The last and most important point that I want to make is that this statement is not satisfactory. It is much less than what the hon. Minister has stated in public. It does not give us any details or any time-bound programme or any progress report as to what is being done. What is Government's concrete programme and plan of action to deal with this smuggling? Will they report to Parliament in the very near future on what action they are taking in this matter and what progress they are achieving in the success of their operations?

SHRI K. R. GANESH: I had thought that by my bringing this problem before the public, in view of its being a menace to our national economy and in view of the fact that in the present inflationary situation it had assumed an urgency, I had thought very humbly that, I had done or I was trying to do a public service.....

DR. V. K. R. VARADARAJA
RAO: Surely.

SHRI K. R. GANESH: Considering the question that my friend, the esteemed hon. Member, a senior Member, a former Minister and an economist has put to me, I thought or rather I was having a feeling that perhaps it would have been better if I had not come out in the public so openly, so ruthlessly and so frankly.

D. V. K. R. VARADARAJA RAO:
I want a follow-up.

MR. SPEAKER: He says not ruthlessly, but helplessly.

SHRI K. R. GANESH: I am coming to that.

He has asked a series of questions. Before that, he has put the problem. It is a fact that smuggling is a serious menace, there is no doubt about it; it is a fact that there is an integral link between smuggling and black money operations—no doubt about it; it is also true that smuggling not only deprives us of valuable scarce foreign exchange but also involves losses in terms of taxes, customs duties and various other things. It is also a fact that smuggled goods are a conduit for the use of black money and for ostentations living.

PROF. MADHU DANAVATE
(Rajapur): Nothing is being done—that is also a fact.

SHRI K. R. GANESH: I am coming to that.

He made a point about seizures. I have said in the statement that seizures have increased from Rs. 6 crores sometime back to about Rs. 30 crores now. This may be partly due to increase in smuggling and partly also due to the fact that during the last couple of years... (Interruptions). This is a serious problem and let us view it seriously; it is a serious pro-

blem affecting our economy; he saw a note of helplessness in my statement; I do not think it is helplessness, I am prepared to be frank; I am not prepared to hide anything from this august House (Interruptions).

MR. SPEAKER: Please take it seriously.

SHRI K. R. GANESH: I was going to say that partly it may also be due to increase in anti-smuggling operations conducted by the customs department about which I have detailed certain steps that have been taken. The number of seizures have increased, the number of boats that have been captured have increased; I also mentioned about the preventive action being taken. I do not want to take up the time of the House on that.

He wanted to have a quantification. It is difficult to estimate and quantify. All that can be said is that the Kaul Committee went into it in 1971—that report has been placed before the House—and they came to the conclusion that illegal foreign exchange required for financing smuggling would, at that point of time when the report was compiled, be of the order of Rs. 160-170 crores. May be during this period it may have increased I am even prepared to concede that this estimate may have been on the lower side.

As for the other point raised by the hon. member, I had tried to put the problem of smuggling in my press interview in its proper perspective. There are two or three aspects which have got to be understood. One is that smuggling is no longer an illegal operation conducted by individuals bringing these goods in ships or aircraft. That was the position a decade or 15 years ago. But now there is a neighbouring country from where smuggled goods are laden in high speed boats. Each of these boats can hold goods of Rs. 50 lakhs.

DR. V. K. R. VARADARAJA RAO: Do you have diplomatic relations with that country?

SHRI K. R. GANESH: We will take that up.

They have their own laws; they have their understanding on this. These operations are not understood in those countries in the same way as they are here. But the fact is that from a particular country smuggled goods are coming in high speed boats. There the banking institutions have grown, the insurance institutions have grown and it has become a legal affair as far as they are concerned. It is dumped into our country in large numbers in the wide, vast coast we have got. Therefore, Sir, this problem has become very serious. It is not that only individuals are carrying on this large-scale dumping. Smuggling has assumed, because of this factor, almost the status of an organised industry. Thousands of people are involved in this operation of smuggling. When goods come, thousands of people, fishermen villagers, etc., are engaged in the transportation of goods from the arrival point to the distribution centres and then to the consuming centres. Let me submit that no part of India today is safe from the dumping and consumption of smuggled goods because of the large-scale operations that are being conducted. It is true that smuggling has increased and the responsibility lies with the Government.

Sir, being Minister-in-charge of the department meant for anti-smuggling operations, there is no escape for me from this responsibility. But, Sir, I want to mention about the social and economic roots of these smugglers. This has to be understood. What are the social and economic roots of these smugglers? They are no longer individuals whom you can nab.

MR. SPEAKER: You have mentioned only in regard to sea. Double

than that takes place by land also. A time will come when they will come here in Parliament also. I am correct.

SHRI K. R. GANESH: If we have to understand the problem in its correct dimensions, then, we have to reveal these facts regarding the smugglers who are operating from behind the scenes during the last couple of years or may be more. They are very powerful persons, owning property and all that goes with it, whether it is a question of patronage or influence etc.

(Interruptions).

MR. SPEAKER: He is not referring to patronage from himself or others. It is just a simple observation. Why do you add your own meaning to it?

SHRI K. R. GANESH: Sir, the problem has various dimensions. That is why I went to the Press. I thought I owed a responsibility to the people. I wanted to put the records straight when I said that public opinion has to be built. Somebody asked me whether I will conduct a Satyagraha. I said I do not mind conducting a Satyagraha. That is a separate aspect. Public opinion has got to be built. It means, those persons who are operating from behind the scenes and who have, in the course of last several years, acquired considerable property and influence, have got to be un-masked before the public.

AN. HON. MEMBER: Who are they?

SHRI K. R. GANESH: I was trying to submit that these persons who when caught by the Income-tax Department or by the Customs authorities, are in a position to get the best legal luminaries available in the country. One is that public opinion should be created to give a call... (Interruptions).

MR. SPEAKER: Let the Minister speak. He has done such a wonderful research work on it. We are all very happy to learn that, after all, some attention is invited to this problem by him and Dr V. K. R. V. Rao. Here may I advise the Minister to be very brief? I think he has already covered a lot of points.

SHRI K. R. GANESH: Sir, as you have directed, I will be brief. The commodities that are smuggled into the country are gold—it was reigning high at one time but now it is not so high—synthetic fabrics, yarn, watches, electronic equipments, tape recorders and various items of machinery. So far as the value of these goods is concerned, as I have indicated earlier, according to the Kaul Committee it comes to Rs. 160 crores to Rs 170 crores.

A question was asked as to how the smuggled goods are disposed of. They are given to the various co-operative societies, National Co-operative Federation, defence and police canteens. There is a procedure for it. After the goods are seized, till they are confiscated we have to follow various procedures, including adjudication.

SHRI INDRAJIT GUPTA (Alipore): What about the smuggled goods which are not seized, which are sold openly in Bombay?

DR. HENRY AUSTIN (Ernakulam): Instead of selling the seized goods, could they not be destroyed then and there?

MR. SPEAKER. That should be brought to Parliament!

SHRI K. R. GANESH: A question was asked as to how we are going to deal with smuggled goods which are not seized and confiscated, which are found in various places. It is a fact that in some major cities, these goods are displayed. The raids are being conducted and the persons who are

selling these goods are being arrested also. They are taken to courts also. But there are certain problems in that because in arresting these persons, there is some sort of hostility also there; the physical assaults are also there. The fact remains that when the persons are sent for prosecution, they are let out lightly by the Magistrates because of various factors. This is a problem that has got to be dealt with.

The hon. Member has asked what is the concrete programme that the Government has got. I have already indicated how the Customs and other enforcement agencies are being strengthened to meet this challenge that we have got. They are being provided with fast speed boats; the staff has also been strengthened; the wireless communication network is being provided to them; more vehicles are being provided to them; the guards are also being provided and more intelligence is being done. There is coordination between various enforcement agencies, the Customs, the Central Excise and the Income-tax under the Directorate of Revenue Intelligence.

These are the steps that would make some impact on the question of smuggling. He has asked why other measures are not being taken. For instance, he said about the use of MISA. The Law Commission has gone into the question. In their Forty-seventh Report, they have indicated this. I would like to read out that because it has a bearing on the serious question that is there. In their paragraph 16.12 of their recommendations, they have said:

"We have carefully considered this question and have given due consideration to the general tenor of the majority decision in *Dhillon's* case the obiter observation made by Chief Justice Sikri ...

MR. SPEAKER: You make it very clear. What is this!

SHRI K. R. GANESH: "...who spoke for the majority in the said case.

SHRI INDRAJIT GUPTA: Who protests him?

SHRI K. R. GANESH: I am giving the names.

Our considered opinion is that, on the whole, it would be advisable for the Government to secure a constitutional amendment enlarging the contents of Item 9 in List I of the Seventh Schedule. We accordingly suggest that Item 9 of List I may be amended so as to read as follows:—

"Preventive detention for reasons connected with Defence, Foreign Affairs, the security of India, the effective realisation of duties of Customs and Excise, or the conservation of Foreign Exchange; persons subjected to such detention."

This is under active consideration of the Government.

So far as present Preventive Detention Acts, are concerned, on question of law and order, on question of public goods, on question of movement of essential supplies, these are matters on which active consideration is again being given by the Government as to whether present law itself could be used as far as these persons are concerned.

SHRI H. N. MUKHERJEE (Calcutta-North-East): The Minister has promised to give out the names.

SHRI INDRAJIT GUPTA: Please do it here and now.

SHRI ATAL BIHARI VAJPAYEE (Gwalior): You do it now.

SHRI K. R. GANESH: It is fairly known that Haji Mastan is one of the biggest smugglers of the country...

It is also fairly known that another person called Yusef Patel is a smuggler of the country. In Gujarat, there is a person called Sukar Narain who has amassed considerable wealth. He has also a citadel, as far as that area is concerned, in which he remains. He has been responsible for large-scale smuggling. He has been prosecuted for various cases under the Customs Act and various other Acts. The Income-tax Department is looking after their income-tax matters. Like that, there are a host of smugglers in the country.

MR. SPEAKER: Why this discrimination? You have not included Punjab.

श्री भगतराम मन्हर (जंजगीर) :

अध्यक्ष महोदय, इस तस्करी के व्यापार में राजा, रंक, रोमी, योगी, भोगी सभी तबके के लोग मंलग्न हैं। यह जो तस्करी होती है उस के लिए कोई एक मार्ग निश्चित नहीं है, जल, बल, नभ सभी मार्गों से तस्करी का व्यापार थड़ल्ले में हो रहा है। यह तस्करी केवल सोने चांदी की ही नहीं हो रही है, बहुत सी घातक बीमारियाँ, बायरस डिप्थी-जेव जो हिन्दुस्तान में नहीं पाई जाती बँ तस्करों ने विभिन्न माध्यमों से चाहे बह पीर्य हों, चाहे खाने पीने की वस्तुएं हों, उन के जरिए उन्हें यहाँ पर खाने का काम किया है। यह ज्यादा खोपनीय विषय है।

काले धन के प्रभाव के तत्कर कानून और समाज को अपनी मुट्ठी में रखे हुए हैं। मैं मंत्री महोदय से जानना चाहूँगा कि क्या तत्कर लोग समानान्तर सरकार कायम किए हुए हैं तथा उनका गुप्तचर विभाग इतना सशक्त और सूक्ष्म है कि वह सरकार के प्रयत्नों को भी विफल कर सकता है और जिनको राजनैतिक सरक्षण प्राप्त है, उनसे सरकार कैसे जूम सकती ?

मेरा दूसरा सवाल है कि इस प्रकार के अपराधों की रोकथाम के लिए विधि आयोग की सिफारिशों के अनुसार सामाजिक एवं आर्थिक अपराध न्यायालय कब स्थापित किए जाएंगे ?

तीसरा सवाल मेरा यह है कि अन्य अपराधों के मामले में आप आन्तरिक सुरक्षा अधिनियम का इस्तेमाल कर रहे हैं तो अब तक मिसा के अधीन कितने तत्कर पकड़े गए हैं। मैं यह भी जानना चाहूँगा कि मिसा के प्रयोग से पहले क्या कोई ऐसा कानून का प्रावधान है जिसके अन्तर्गत ऐन्टिसिपेटरी बेल का प्रावधान है और तत्कर लोग ऐन्टिसिपेटरी बेल ले आते हैं और उस के बाद सारे रेकार्ड वगैरह खत्म कर देते हैं ?

क्या सरकार ने तत्करी को रोकने के लिए सैनिक अधिकारियों से परामर्श किया है तथा पुलिस, आयकर अधिकारी एवं सीमा सुरक्षा अधिकारियों के साथ वित्त विभाग का कोई सामंजस्य स्थापित किया है ?

मैं यह भी जानना चाहूँगा कि इसमें जनसहयोग की दृष्टि से क्या आप दूसरे राज्यों के लोगों से भी विचार-विमर्श करना परावर्ध करेंगे ?

मेरा एक सवाल और भी है कि बम्बई के कोलकाता एरिया में जहाँ कुले धाम इस

तरह के तत्करी के सामान बिकते हैं उस की जवाबदेही किस पर है ? उसकी रोकथाम के लिए आपने कौन से कदम उठाए हैं ?

SHRI K. R. GANESH It is a fact that recourse to anticipatory bail is taken by some of these persons. It is also a fact that there are certain areas which one can exaggerate a little and call it a citadel of smugglers because they own the entire property in those areas in various *benamis*, they have their own intelligence system, they do various kinds of intelligence work, they have got craft they have got trucks they have got cars, and they are having in their employ a very large number of people who are engaged in this operation. That is also a fact.

As far as co-ordination is concerned co-ordination has been set up with the other enforcement agencies like the Director of Revenue Intelligence then the customs authorities which are very important, Income-tax, as far as taking these people into income tax matters are concerned, then with the excise authorities, with the Border Security Police and also with the Naval authorities.

I have already indicated that the public opinion has got to be aroused, at least for one purpose, that these people must be exposed before the society what they are not lionised as it was tried to be done in some papers. Some of these smugglers have their own life series published.

As far as open display is concerned it is a serious problem. We are conducting mass raids as far as open display is concerned. People are arrested. It should be intensified and it will be done.

SHRI C. M. STEPHEN (Muvattupuzha) The admissions made and the revelations made both outside the House and to-day, on the floor of the House are such, if I may say so, as to

[Shri C. M. Stephen]

send a sense of shock through the spine of any patriotic Indian.

Smuggling there has been. Everybody knows and about the dimensions of smuggling also everybody has got his own ideas. I had sometime back read a report to the effect that the Maharashtra Government had identified 45 leading smugglers and they have estimated the value of smuggled goods at about Rs. 600 crores in Maharashtra alone and that the report had been passed on to the Union Government. I would like to know whether the report is correct, whether the identification of these 45 people had been made and what exactly has been done to waylay them or to bring them under the net of the law.

The most dangerous aspect of the whole picture that has emerged is that everybody knows and the Government know who the smugglers are. Everybody knows where the smuggled goods are being sold. Everybody knows the assets of these people. Everybody knows everything about everybody and yet, the Government has not been able to do anything.

In 1966 there was a Committee under the chairmanship of hon. Shri Tiwary—The Customs Inquiry Committee, some such thing—and the information is that they submitted their report in 1967. I would like to know 'Has anything been done on the report, submitted by them and what action has been taken on that?' This sort of steps which the Government now say that they are proposing to take—my information is, were proposed even as far back as 1967. What exactly has been done about it? That is something which the Government must reveal to the House.

Thirdly, Shri K. R. Ganesh ought to be complimented for the frankness with which he came out in the Press, but I am really shocked that

when he came to the Parliament, he put forth a statement which was too jejune, lifeless, anemic, nothing new which is formal, something prepared by some officer. Not even a mention of the MISA has occurred in the statement that is placed before the House. He now states that whereas the proportion of smuggling operations are so big but he said the committee has indicated that goods were smuggled to the extent of Rs. 200 crores. But subsequent to that, the character of the operations have changed and huge, massive operations are taking place. If that is the case, when these operations are so massive and it was only Rs. 200 crores then, you can just imagine what it can be today with the speed boats running between foreign countries and our shores. All these things are taking place.

With respect to these things, he now wants public opinion to be aroused. He could not come out with the entire statement before the House. I am sorry it appears that he has developed a cold feet. Otherwise, he could have come out with the whole thing when he made the statement before the House. When we gave the call attention, we had the *Times of India* report before us. The purpose of the call attention was to get additional information. Any way from the reply given to the question of Dr. Rao, quite a lot of things have come.

Mr. Ganesh was saying about arousing the public opinion. May I raise my humble voice to protest against this method of finding some scapegoat for what is taking place in this country? Is it that there is no public opinion against this evil of smuggling? Is it that the people of this country are acquiescing with this sort of anti-social activities? Is it that the people are lionising them? Who exactly are lionising them?

The Minister says that the topmen had very good political and other connections. Is it on any definite

information that he is saying that? If so, which is the political connection? If some political connections are shielding them, are the public to be condemned for that?

SHRI K. R. GANESH: I have not said that.

SHRI C. M. STEPHEN: There is no lack of public opinion in this country. The public opinion in this country is furious against black-marketing. The public opinion in this country is furious against the hoarding, it is furious against smuggling. The public opinion is red-hot furious against all these anti-social activities. There is no dearth of public opinion.

Now, MISA is sought to be resorted to. But does it require a public announcement for that? Who stood in the way of taking action under the MISA? MISA has been there now for quite a number of years. What stood in the way of taking action under the MISA against these anti-social elements in the country? Who stood in the way? What stood in the way? Did the political connections stand in the way? Or the money-power stood in the way? The Minister ought to explain to us what exactly stood in the way of implementing MISA against anti-social elements?

Well, Sir, action will have to be taken. Therefore, what is necessary is the will to take action against the anti-social elements. We have got the complete sanction of the entire country. The Constitution can be amended, the law can be amended and any instrument will be put in your hands if only you have got the will to proceed against them. It is the lack of will. May be Mr. Ganesh has got the will. But who does not have the will? Is there anybody else in the Government who has not got the will? I want to put the question to him. Let there be no scapegoat about this.

This is a dangerous situation. The entire coast-line is open to the people. Speed boats are coming and going. These things are being sold in the Crawford Market and in the Calcutta market. In Madras everybody knows where you can get the smuggled goods and you say Rs 26 crores worth of goods have been taken in. On what basis—that is irrelevant. In the name of Rs. 26 crores being sold out to the co-operative stores, smuggled goods are being sold out freely pleading that it is good that we all purchase from the co-operative society. Have the Government even considered whether these products of sin, these products of anti-social activities, whether you should make a profit out of them or you should destroy them so that smuggled goods may be way-laid and may be taken up wherever you find it? Some such action has to be taken.

The Minister has said that one Indian owned 23 boats registered in Dubai alone, not to mention of the several registered in India. When did the Government get this information? How many nights were allowed to pass by after you got this information? What is your explanation for not taking action against such a person who had registered boats in Dubai and several in India? What action has been taken and what is your explanation if you have not taken action so far? Have you got any specific ideas as to the dimensions and the nature of the operations going on?

The security of the country is at stake, if I may say so, because the entire coastal belt is open, the Government is helpless, the people are operating, crores of rupees is being plundered and smuggling operations are going on. What is the guarantee that under the garb of smuggled goods, there will be no ammunition, no bombs, etc? What is the guarantee that espionage activities are not going on under the guise of

smuggling operations? That is why I submitted that the things revealed are really shocking. I want to know what the factors are which stand in the way of taking action against the criminals, to know who is in these smuggling activities and so on. I want to get a clear and categorical reply from the hon. Minister.

SHRI K. R. GANESH: We have not received any report from the Maharashtra Government. Let me tell this at the outset; this is a statement of fact which I am just informing you. Even according to the Kaul Committee, which submitted report in 1971, the extent of foreign exchange required for illegal use by these elements was estimated to be of the order of Rs. 160 to Rs. 170 crores and I am prepared to admit that it may be on the lower side or things might have improved now, but the problem is there and I have already said about that. Regarding the hon. Member, Shri K. N. Tiwary's report, I do not have all the facts with me just at the moment. Earlier many times this question was discussed in the House. Many parts of this report were implemented and I have sent a note. As far as the questions of reorganisation of the Department are concerned they are under various stages of consideration. I have already said, this report is being given due consideration.

Now, regarding the steps being taken, I have already said that preventive collectorates are there and they are responsible for anti-smuggling operations. The question of equipments like faster boats, wireless sets and various other things are taken up and we should have another complete wireless unit which will keep track of all these things and these activities have been set in motion and things are improving; we are strengthening the staff at Custom Houses, duty-staff and guards and so on. These operations are set in motion and also the question of training is being taken on

hand. There is continuous exchange of views between the various Enforcement Directorates, Income-tax, Customs, Central Excise authorities and also with CBI and other agencies. When I said that public opinion has to be aroused, I am sorry, the hon. Member has somewhat misunderstood me and I may tell him, I did not mean that the public is acquiescing. That is not at all my idea, but the fact is this. We have discussed this question in the House several times. The fact is that the mass media has also taken up this question. It is a fact that whatever information I have, I have shared with the House and I have not tried to keep away anything from the House. Let us even take the name of Haji Mastan. I think Illustrated Weekly came out with his whole life story with photograph in multicolour paper. Now just imagine, what impression it creates in the minds of persons who do not know the extent of smuggling which is playing so much havoc to our economy, to our slender foreign exchange resources, and even to our social health, because, what we find is that from these things, a new pattern of life, so to say, is coming.

13 hrs.

Blue films are also being brought; tape-recorders, cassette, sexy music are being brought. (*Interruptions*)

SHRI DINESH SINGH (Pratapgarh): The Illustrated Weekly is also highlighting this issue. Why are you not arresting concerned people?

SHRI K. R. GANESH: I have given you an answer. Let us face the facts that some of the people in Bombay in the streets after streets own these things in the names of various *benami* persons. Even the people with social status patronise them. Therefore the question is this. Apart from using all our methods. (*Interruptions*).

MR. SPEAKER: Will you kindly sit down for a minute? May I advise the Minister that when a Member speaks, he is bound to be explaining many things. He should catch the basic

questions and, in a brief reference, he should answer them. The moment he expands the scope many other things may arise out of it. You better catch the basic questions of the Members and then answer them.

SHRI K. R. GANESH: The only question that the Member has asked me is this. A former Minister of this Government asked a question namely why deterrent action under MISA is not taken against those people. To this I have given my answers.

MR. SPEAKER: You better answer Mr. Stephen's questions. He was not a former Minister.

SHRI K. R. GANESH: I have given answer to this. As far as the use of MISA is concerned, I have given the extracts from the Report of the Law Commission. I have also indicated in relation to the question of law and order that there are provisions in MISA which will be given active consideration for using against those persons who are disturbing the tranquillity. That is what I have stated.

MR. SPEAKER: Mr. Pilloo Mody.

SHRI PILOO MODY (Godhra): Mr. Speaker, Sir, I shall first read very briefly this innocuous statement that has come out. I sympathise with my friends here and my colleague Dr. Rao. When you see in the newspapers something so much more pungent and informative news, the House is entitled to a better treatment. In this particular document, the fact of the matter is that a tremendous technological progress has been made in the smuggling industry with which unfortunately, the Government of India has not been able to match. This is really a crux of the matter. Whereas the industry, on the one side, has made a tremendous technological progress the Government of India is still hovering with hovercrafts which they decided to buy, some five years ago and which,

we are still debating whether they should be brought or not, but they have not bought them. In fact the Minister says that he is going in for 20 fast medium sized boats as if this was a great achievement—probably, they took six painful years of pregnancy for coming to this conclusion! And the boats have still not arrived. They are thinking in terms of catching the smugglers but who will put noose around their necks. Who will put the noose around them the moment twenty fast medium sized boats arrive in this country? God alone knows when will they arrive. It was in July 1969 that everything was settled; everything was finalised about the purchase of hovercrafts to catch smugglers. It was, unfortunately one of those rare days when the deal was to be finalised and the order placed when Mrs. Gandhi decided to get rid of Mr. Morarji Desai. He walked out of the Finance Ministry and she walked in the Finance Ministry but that order never got completed. It was a sad occasion when because of change of Ministership we did not get those ships. To lament that smuggling has increased to this proportion I think, it is a bit of an eye-wash. I do not even think that the House has been apprised of the problem adequately. Smuggling is going on a far larger scale than even the Minister has revealed and the reason for it is that the Indian border, that is the coastline as well as Himalayan border are totally open borders. There is not only nobody to stop you from coming in but you will find thousands of collaborators on the other side willing to help you if you want to smuggle because everybody is hungry to get some occupation to keep body and soul alive. I have often wondered what you are going to do with lakhs and lakhs of graduates whom we produce year after year. This is another thing to be taken note of. The people today who are employed with the smugglers are graduates. They are no longer a bearded fellow who is running behind trees and going about. They are university graduates who

[Shri Piloo Mody]

for want of better occupation find to-day this is the only one occupation left open to them and they are really going astray. Therefore in terms of expertise and in terms of skill you have these hundreds and thousands of graduates at any point to help them apart from the fact that the police and customs officials help them. I am horrified by the suggestion that the Navy should be utilised for this purpose. Yes, if the strength of the Navy could be utilised for checking smuggling I am for it but I warn the Government and the House that to involve the Navy in a dangerous operation like this which is so full of temptations would be disastrous for the Navy. It should be kept out of all such temptations which are all available to these people. The Minister has cried about the fact that these people are all known to high society and are friends of political society. Has he read this article which has been published in 'March of the Nation' dated 20th April with the heading "The Smuggler King of Daman"? It is just one of those articles which will give minute details of what is happening in that particular spot. If you like I will produce 12 other such articles for your education and information. The Minister has been very cute by quoting a cock and bull excuse about what the Law Commission stated which inhibits the Government from using MISA against these people. If I ever heard a more absurd argument for not wanting to do something. If you talk about the Law Commission report that that is inhibiting then the Law Commission also recommended that you should pass a constitutional amendment which will give you enabling power. I would like to know why not all the time since the Law Commission report came to you you have not brought that amendment although you brought so many other infructuous amendments. When it comes to saving the skin of your miserable politicians you bring up that scalping or anti-scalping which is known as Thirty-third constitutional amendment Bill but when it comes to

bringing laws which will help these matters there seems to be absolutely no desire of it. And the Minister has admitted in public that there is political affliction with these people. Do you think that smuggling to the tune of something like almost a thousand crores of rupees can take place in a country where everybody knows the names of the smugglers, everybody dines and dances with them, everybody is helped by them everybody drinks with them, and yet they cannot be arrested under the MISA? I would like to know which law or which commission permitted the Government of India to arrest innocent students under the MISA. Was there any direction either from Parliament or from any commission? Under the MISA regulations, how many innocent students have Government so far arrested? How many are even today in jail, and how often do they plan to use this law against innocent students? They cannot use it against the smugglers that are ruining the country and ruining the economy of this country, and yet the hon. Minister tells us that he is serious about it or something like that. Does he think that we believe, when he makes a claim that he would go and do dharna over there that it is a serious thing that he is talking about? So, let us not get over-excited about this smuggling.

MR. SPEAKER: Now, the hon. Member should ask this question.

SHRI PILOO MODY: Please give me another five minutes. Another five minutes will not kill you. I assure you that in another five minutes I would not smuggle you out of the House.

The fact of the matter is that today you can order anything through the smuggling racket. If you want machines for industries or you want new automobile cars, not only do they provide the equipment or the car but they give you a one-year guarantee for that; for one year nobody will harass you, and nobody will come and ask you any awkward question as to where this machine or car or anything also came from.

Some of these dens are so well equipped with electronic and communication facilities. I do not know where they get telephones from, if it is not from the telephone industry and the telephone Ministry. I do not know where they get the use of all manner of craft and landing facilities and radar equipment without this Government being able to detect it.

The conclusion is all too obvious. Links that connect smuggling power with political power are the only reason why smuggling can be permitted in this country. But for that, it could not be permitted.

MR. SPEAKER: Let him please ask his question. We decide everyday that not more than five minutes should be given to a Member but that is not being observed.

SHRI PILOO MODY: For instance, throughout Bihar and in eastern India, all the smuggling is done really under the patronage of a Union Cabinet Minister. In the past, questions have been made to say that smugglers have given money to the ruling party that the smugglers have met the Prime Minister in person. This was denied...

SHRI MADHU LIMAYE (Banka): Not in this House. For God's sake, let him not say that. I made the allegation and she has not denied it in the House.

SHRI PILOO MODY: This statement is made by me that I heard it in this House. She denied it in this House. If I want to say that, let me say that. She denied it in the House. I have had it since then checked up that not only did he meet her but he met her twice. Now, when you have information like this and you read articles like this in the paper, I am afraid the two things just do not add up.

Yes, smuggling has to be stopped. I have shown a way to this Government how this smuggling can be stopped

without going through all the painful processes that they want to do it through. Let them abolish their foreign exchange control, float the rupee and they will have no smuggling problem in this country, none whatsoever and when it comes to getting rid of smuggling, even Dr. V. K. R. V. Rao is not interested because he starts saying 'Oh' 'Uhm' and so on, because the remedy suggested does not suit him or is limited...

DR. V. K. R. VARADARAJA RAO: It is not architecture but economics.

SHRI PILOO MODY: It is not architecture, and therefore he thinks it is economics.

DR. V. K. R. VARADARAJA RAO: Let him start learning it. It will do him good.

SHRI PILOO MODY: I would like to utter just two short sentences. One is: is the Government honestly interested in getting rid of smuggling? I want a 'yes' or 'no' answer. If the answer to the question is 'yes', either he spells out a complete scheme of how through policing and legal methods he intends to do this or alternately accepts the suggestion that I have made counter to Dr. V. K. R. V. Rao's advice because that, I guarantee, will bring an end to smuggling in this country.

SHRI K. R. GANESH: Apart from his explanation, he has asked about the boats that have been pending for a very long time. He has mentioned that because of some change these were delayed.

The use of proper craft for anti-smuggling operations was examined by a very high-power committee known as the Dr. B. D. Nagchowdhury Committee. The Committee of course took some time. He was then Scientific Adviser to the Government of India. Various suggestions were considered and finally they came to the

conclusion that it is necessary to have fast conventional craft bigger craft, medium sized craft, smaller craft. As a result of that, action was initiated to get first 20 fast medium size craft from Norway. These craft are not easily available. It has taken time, with all the expedition we could, to locate these craft because these are very sophisticated craft made of fibre glass equipped with all the sophisticated machinery, radar and various other things. We want to test this craft. They are being delivered. Some of them will arrive within the next two months. We want to test them as far as their operation is concerned. Then the rest of the craft will be ordered.

He posed a question about the action to be taken. I have already indicated what the Law Commission as said.

SHRI SHYAMNANDAN MISHRA (Begusarai): Why cannot they be treated as political workers and arrested?

SHRI K. R. GANESH: That is a separate matter.

SHRI SHYAMNANDAN MISHRA: Till now you have had no difficulty in using MISA to arrest political workers.

SHRI K. R. GANESH: One can always have a view on that. Government is taking steps on the basis of the recommendations of the Law Commission. We are also seriously considering whether under MISA these people can be dealt with. We are seriously considering what should be

done, what changes should be effected.

Then he said about a Bihar Minister. It was written in his paper....

SHRI PILOO MODY: I did not speak about a Bihar Minister.

SHRI K. R. GANESH: You said about a Union Minister.

It was written in his paper, I do not think it is serious enough to require any repudiation from me.

SHRI PILOO MODY: That is why you remain perpetually ignorant.

SHRI K. R. GANESH: He asked whether Government is interested in meeting the challenge which smuggling posed to the entire economy of the country. I may emphatically say that Government is interested in this. Steps have been taken. Steps will be taken. With the strengthening of the enforcement agencies, with the strengthening of the customs department, with the equipment that we are trying to give to these formations, with the changes in law that are taking place, with various other measures that are being taken, with the co-ordination between the income-tax and customs departments, so that it can also be looked at from the income-tax angle, and also with further changes in law as far as deterrent action is concerned, I think it will be possible to make a dent as far as anti-smuggling operations are concerned.

SHRI PILOO MODY: The sum of his answer is 'no'.